



State Employee Benefits Committee
Delta Dental Assignment of Benefits

April 23, 2018

What is Assignment of Benefits?

Payment for services rendered paid directly to the provider by the insurer.

Under current State of Delaware contract with Delta Dental:

- In-network dentists receive direct payment from Delta Dental for the covered portion of their services which they bill to Delta Dental for the patient based on percentage of allowable charge for preventive and diagnostic services (basic and restorative).
- Out-of-network dentists do not receive direct payment for the covered portion of their services performed even if they bill Delta Dental directly as a courtesy to their patients.

Delta Dental PPO Plan – General Information

- In-Network and Out-of-Network options available
 - PPO in-network
 - Premier in-network
 - Out-of-Network

- 428 dentists are in Delta Dental PPO and Premier networks
- 68% of dentists in Delaware are in the Delta Dental network

- Currently there are approximately 31,246 State employee, retiree and participating groups contracts with approximately 60,140 members

- In FY17, 79% of approved procedures were performed in-network with a discount to members.

Change Requested to Assignment of Benefits by Out-of-Network Providers/Dental Association

Out-of-Network dentists requesting Delta Dental pay them directly.

Advantages to Member:

- May pay less up-front if dentist only collects the amount up to billed charge not paid by Delta Dental

Advantages to Dentist:

- Less collection effort if member has not paid up front
- No waiting for member to pay dentist after member receives check

Potential Implications to Change to Assignment of Benefits to Out-of-Network Providers

Change to pay out-of-network dentists directly by Delta may:

- Decrease incentive for dentists to participate in the network if they can now be paid directly by Delta and collect the full charge in lieu of an allowable charge
- Destabilization of network which has taken a number of years to establish with considerable importance placed on this during the RFP processes.
- Decrease in in-network dentists will result in higher costs to our members who will be charged the full amount (approximately 25% higher than negotiated rates). **May result in a slight actuarial increase to the negotiated premiums which are paid 100% by the employee/pensioner as the program is fully insured by Delta Dental.**
- Removes any quality protections to our members through credentialing, quality management, grievance, and fraud and abuse programs.

Potential Action to Change Assignment of Benefits

Legislative action being considered:

- Result would be mandate to pay out-of-network dentists directly by insurers for all dental plans, State sponsored as well as other insured plans
- Potential increase to rates for additional risk taken on by Delta Dental based on potential decrease in in-network dentists

Next Steps

- Await proposed legislation
- Consider changing State contract with Delta to allow for assignment of benefits to out-of-network dentists voluntarily and monitor any changes to network